Retirement and Income Security Enhancements (RAISE) Act

Sponsored by Sen. Mark Begich and Sen. Patty Murray

Senators Mark Begich (D-AK) and Patty Murray (D-WA) have introduced the *RAISE Act*, a set of commonsense proposals to modernize, enhance, and protect our Social Security system in a fiscally responsible way.

The *RAISE Act* would ensure that our Social Security system reflects the realities of today's workforce, and would strengthen benefits for struggling seniors—most commonly women—as well as disabled individuals and young adults who have faced serious hardship in their immediate families. At the same time, the *RAISE Act* would shore up the Social Security Trust fund to help make sure it is there for future generations of seniors, using an approach that protects middle class families and asks those who can most afford it to pay their fair share.

RAISE Act Background and Summary

For over 75 years, Social Security has ensured that millions of seniors and their families have a foundation of economic security and has lifted millions more out of poverty. Social Security is a vital safety net for American workers who retire or become disabled and can also provide economic security for their spouses and children. The program has served Americans well for decades, but it is time to make reforms to the Social Security Act to reflect the changing structures and financial circumstances of families in today's world, so that Social Security remains available not only for current beneficiaries, but for generations to come.

Social Security benefits were designed to meet the basic needs of single income families, in which only one spouse worked outside the home and at time when American companies often offered generous pension plans in retirement. Today, such robust pensions are a relic of the past, women comprise nearly 50 percent of the workforce and middle class workers have seen their wages stagnate relative to inflation, making saving for retirement even more challenging. When a spouse passes away, the surviving spouse is often faced with a sudden and significant loss of household income. Under current law, a widow or widower of a dual income couple receives a significantly smaller Social Security survivor benefit than the survivor of a single-earner couple with the same lifetime earnings.

It is time to modernize the system to account for a changing society in which both men and women spend their working years paying into the Social Security system. This is an especially critical issue for women. Women are disproportionately at risk of financial hardship in their retirement years, particularly those who are divorced or never married. Because women, on average, earn less than men, accumulate less in savings, and receive smaller pensions, nearly three in ten women over 65 depend only on Social Security for income in their later years. Women represent approximately 68 percent of Social Security beneficiaries over 85 – many of them widows and many struggling with costly health care needs. Under current law, women married for less than 10 years are ineligible for any spousal or survivors benefits.

Social Security can also be a lifeline for the children of retired, deceased and disabled workers. Currently, children are only eligible for benefits up to age 18 or 19, depending on school status. In recent decades, college education has become a virtual necessity for young Americans entering the workforce to earn a living wage. Social Security benefits should be available to support those children who choose to pursue full-time educational opportunities after high school.

By making targeted enhancements to Social Security benefits, the *RAISE Act* will help senior men and women, as well as disabled individuals, maintain their financial security, and ensure that very young adults who have already faced hardship aren't held back unfairly by the burden of tuition costs. The *RAISE Act*:

- **Enhances benefits for divorced spouses**. Under current law, the divorced spouse is only entitled to receive benefits under the former spouse's earnings if she or he was married for ten years. Beginning in 2016, the *RAISE Act* would allow those with less than ten years of marriage to be eligible for benefits under the former spouse's earnings. Eligibility would be phased in, so that those married less than ten years would receive less than 100 percent of the spousal benefit. These partial benefits would gradually decrease in increments of 10 percent and phased out for those with less than five years of marriage. For example, those with nine years of marriage would receive 90 percent. The same formula will apply to survivors benefits for divorced spouses.

- **Enhances benefits for widows and widowers**. The *RAISE Act* would establish an alternative benefit for a surviving spouse where both husband and wife established insured status as retired workers. For the surviving spouse, the alternative benefit would equal 75 percent of the sum of the survivor's own worker benefit and the Primary Insurance Amount (PIA) of the deceased spouse. The alternative benefit would be paid only if more than the current law benefit. This benefit would be available to surviving spouses on the rolls at the beginning of 2016 and those becoming eligible after 2016.

- **Extends benefit eligibility for children of retired, disabled or deceased workers**. This provision of the *RAISE Act* applies if the child is in high school, college, or vocational school. Under current law, minor children under the age of 18, and high school students under age 19 are entitled to benefits if they are the child of a retired, disabled, or deceased worker. Beginning in 2016, this provision extends benefits for full-time students until the age of 23 if they are a child of a retired, disabled or deceased worker.

- **Asks those who can most afford it to pay their fair share towards strengthening and shoring up the Social Security Trust Fund.** Beginning in 2015, the *RAISE Act* would apply a two percent payroll tax rate on earnings over $400,000, with the threshold wage-indexed after 2015. The bill provides a corresponding credit for earnings in a secondary average indexed monthly earnings (AIME) formula for benefit computation.

  The *RAISE Act* extends the life of the Social Security Trust Fund from 2033 to 2034.